

September 30, 2020

**BY ELECTRONIC MAIL**

Luly E. Massaro, Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

**RE: Docket 5040 – 2020 Distribution Adjustment Charge Filing**  
**Rebuttal Testimony**

Dear Ms. Massaro:

I have enclosed the Rebuttal Direct Testimony of Melissa A. Little in response to the September 23, 2020 Memorandum of Jerry Mierzwa and Lafayette Morgan, Jr. of Exeter Associates, Inc. on behalf of the Rhode Island Division of Public Utilities and Carriers.

Thank you for your attention to this matter. If you have any questions, please contact me at 781-907-2121.

Very truly yours,



Raquel J. Webster

Enclosures

cc: Docket 5040 Service List  
Leo Wold, Esq.  
Al Mancini, Division  
John Bell, Division  
Jerome D. Mierzwa, Division Consultant

**REBUTTAL DIRECT TESTIMONY**

**OF**

**MELISSA A. LITTLE**

**September 30, 2020**

**Table of Contents**

I. Introduction ..... 1

II. Purpose of Testimony ..... 1

III. Earnings Sharing Mechanism ..... 2

1 **I. Introduction**

2 **Q. Please state your full name and business address.**

3 A. My name is Melissa A. Little and my business address is 40 Sylvan Road, Waltham,  
4 Massachusetts 02451.

5

6 **Q. Have you previously submitted testimony in this proceeding?**

7 A. Yes. I submitted direct testimony in this proceeding on August 3, 2020.

8

9 **Q. Have you sponsored responses to record requests in this proceeding?**

10 A. Yes. I sponsored responses to several data requests from the Rhode Island Division of  
11 Public Utilities and Carriers (“Division”) including the response to data request Division  
12 2-7, which the Company filed on September 17, 2020 and supplemented on September 24,  
13 2020.

14

15 **II. Purpose of Testimony**

16 **Q. What is the purpose of your rebuttal testimony in this proceeding?**

17 A. The purpose of my rebuttal testimony is to clarify the impact of the misclassification of  
18 \$173,692 as Miscellaneous Service Revenues in the Company’s Gas Earnings Sharing  
19 Mechanism (“ESM”) identified in the Company’s response to record request Division 2-7  
20 and to respond to the September 23, 2020 Memorandum of Jerry Mierzwa and Lafayette

1 Morgan, Jr. of Exeter Associates, Inc. on behalf of the Division (“Division Memorandum”)  
2 as it concerns this ESM misclassification.

3  
4 **III. Earnings Sharing Mechanism**

5 **Q. Please explain the misclassification identified in the Company’s response to data**  
6 **request Division 2-7.**

7 A. While preparing its response to data request Division 2-7, the Company discovered that  
8 \$173,692 that should have been included in the Rent from Gas Property account shown in  
9 Other Revenues was misclassified as Miscellaneous Service Revenues. Following this  
10 discovery, in response to data request Division 2-7, the Company proposed to manually  
11 reclassify the \$173,692 as Other Revenues.

12  
13 **Q. What is the impact of reclassifying the \$173,692 as Other Revenues?**

14 A. Because Other Revenues, unlike Miscellaneous Service Revenues, are included in the  
15 Company’s ESM calculation, once reclassified, the \$173,692 adjustment raises the  
16 Company’s return on equity (“ROE”) in its ESM from 8.53% to 8.57%. Despite this 0.04%  
17 increase to the Company’s ROE caused by the reclassification, the ROE remains below the  
18 9.275% earning sharing threshold. Consequently, there is no impact to the Company’s  
19 ESM because there continues to be no additional earnings to be shared with customers.

20

1 **Q. What is included in the \$173,692?**

2 A. The \$173,692 is comprised of Rent from Gas Property stemming from a new lease  
3 agreement between NG LNG and the Company that should have been classified as Other  
4 Revenues.

5  
6 In addition to \$173,692 in rental revenue, there was a net amount in Miscellaneous Credits  
7 of \$24,473 (which is a debit in the income statement) that was not included in the  
8 Company's ESM calculation. The rental revenue combined with the Miscellaneous Credits  
9 in the calendar year 2019 Gas ESM would have resulted in \$149,219 in actual  
10 Miscellaneous Service Revenues to be reclassified to Other Revenues and included in the  
11 2019 Gas ESM. The Company chose to reclassify the entirety of the \$173,692 as Other  
12 Revenues and not reduce that amount by \$24,473 in Miscellaneous Credits to customers'  
13 benefit. If the Company had reduced the \$173,692 by the \$24,473 in Miscellaneous  
14 Credits, the adjustment would have resulted in an increase to Other Revenues of \$149,219  
15 (instead of \$173,692), and the Company's updated ROE would be 8.56% instead of 8.57%.

16

17 **Q. What is the Company's response to the Division's recommendation regarding this**  
18 **misclassification?**

19 A. In the Division's Memorandum, the Division requests that the Company make a combined  
20 revenue adjustment of \$322,911 consisting of \$173,692 that should have been recorded as  
21 Other Revenues with the \$149,219 recorded Miscellaneous Service Revenue for calendar

1 year 2019. However, \$149,219 is the sum of subtracting the customer credits of \$24,473  
2 from \$173,692 in Other Revenues. Therefore, the \$173,692 adjustment that the Company  
3 has proposed already includes the \$149,219. To add these two figures would result in  
4 double-counting this portion of Other Revenues. Accordingly, the Company respectfully  
5 contends that its \$173,692 adjustment is appropriate. The Company also wants to highlight  
6 that even if the \$322,911 adjustment were appropriate, this adjustment would increase the  
7 Company's ROE to 8.59%, which remains below the Company's earnings sharing  
8 threshold of 9.275%.

9  
10 **Q. What changes has the Company made to prevent these types of misclassifications in**  
11 **the future?**

12 A. As noted in the Company's response to data request Division 2-7, the Company will make  
13 a manual adjustment to reclass the rent from Miscellaneous Service Revenues to Rent  
14 Revenues in both the current 2019 calendar year ESM and the upcoming calendar year  
15 2020 ESM. Beginning in fiscal year 2021, the Company has modified the journal entries  
16 so that the revenue is booked directly to Rent Revenues.

17  
18 **Q. Does this conclude your testimony?**

19 A. Yes.

20

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.



\_\_\_\_\_  
Joanne M. Scanlon

September 30, 2020  
Date

**Docket No. 5040 – National Grid –2020 Annual Distribution Adjustment Charge Filing (DAC) - Service List as of 9/9/2020**

<b>Name/Address</b>	<b>E-mail</b>	<b>Phone</b>
Raquel J. Webster, Esq. Jennifer Hutchinson, Esq. National Grid 40 Sylvan Road Waltham, MA 02451	<a href="mailto:raquel.webster@nationalgrid.com">raquel.webster@nationalgrid.com</a> ;	781-907-2121
	<a href="mailto:Celia.obrien@nationalgrid.com">Celia.obrien@nationalgrid.com</a> ;	
	<a href="mailto:Joanne.scanlon@nationalgrid.com">Joanne.scanlon@nationalgrid.com</a> ;	
	<a href="mailto:Jennifer.Hutchinson@nationalgrid.com">Jennifer.Hutchinson@nationalgrid.com</a> ;	
Leticia Pimentel, Esq. Steven Boyajian, Esq. Robinson & Cole LLP One Financial Plaza, 14th Floor Providence, RI 02903	<a href="mailto:LPimentel@rc.com">LPimentel@rc.com</a> ;	401-709-3337
	<a href="mailto:SBoyajian@rc.com">SBoyajian@rc.com</a> ;	
Ann Leary William R. Richer Melissa Little Ryan Scheib Theresa Burns National Grid	<a href="mailto:Ann.Leary@nationalgrid.com">Ann.Leary@nationalgrid.com</a> ;	
	<a href="mailto:William.richer@nationalgrid.com">William.richer@nationalgrid.com</a> ;	
	<a href="mailto:Melissa.Little@nationalgrid.com">Melissa.Little@nationalgrid.com</a> ;	
	<a href="mailto:Ryan.Scheib@nationalgrid.com">Ryan.Scheib@nationalgrid.com</a> ;	
	<a href="mailto:Theresa.Burns@nationalgrid.com">Theresa.Burns@nationalgrid.com</a> ;	
Leo Wold, Esq. Division of Public Utilities & Carriers 89 Jefferson Boulevard Warwick, RI 02888	<a href="mailto:Leo.Wold@dpuc.ri.gov">Leo.Wold@dpuc.ri.gov</a> ;	401-780-2130
	<a href="mailto:dmacrae@riag.ri.gov">dmacrae@riag.ri.gov</a> ;	
	<a href="mailto:MFolcarelli@riag.ri.gov">MFolcarelli@riag.ri.gov</a> ;	
	<a href="mailto:Chetherington@riag.ri.gov">Chetherington@riag.ri.gov</a> ;	
John Bell Division of Public Utilities & Carriers	<a href="mailto:John.bell@dpuc.ri.gov">John.bell@dpuc.ri.gov</a> ;	
	<a href="mailto:Al.mancini@dpuc.ri.gov">Al.mancini@dpuc.ri.gov</a> ;	
Jerome D. Mierzwa Lafayette Morgan Exeter Associates 10480 Little Patuxent Parkway, Suite	<a href="mailto:jmierzwa@exeterassociates.com">jmierzwa@exeterassociates.com</a> ;	410-992-7500

300 Columbia, Maryland 21044	<a href="mailto:lmorgan@exeterassociates.com">lmorgan@exeterassociates.com</a> ;	
David Efron Berkshire Consulting 12 Pond Path North Hampton, NH 03862-2243	<a href="mailto:Djeffron@aol.com">Djeffron@aol.com</a> ;	603-964-6526
<b>File an original &amp; nine (9) copies w/:</b> Luly E. Massaro, Commission Clerk Margaret Hogan, Commission Counsel Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:Luly.massaro@puc.ri.gov">Luly.massaro@puc.ri.gov</a> ;	401-780-2107
	<a href="mailto:Patricia.lucarelli@puc.ri.gov">Patricia.lucarelli@puc.ri.gov</a> ;	
	<a href="mailto:Todd.bianco@puc.ri.gov">Todd.bianco@puc.ri.gov</a> ;	
	<a href="mailto:Alan.nault@puc.ri.gov">Alan.nault@puc.ri.gov</a> ;	